



TOWN OF HANOVER
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Troy B.G. Clarkson
Town Manager

December 1, 2015

Dear Colleagues:

The Town of Hanover is excited to announce the implementation of an important new benefit for all eligible* employees; **Flexible Spending Accounts (FSA)**. An FSA is an optional savings account that employees may elect as an additional tax-free way to pay for medical and dependent care.

We are in the process of coordinating on-site seminars to provide you with information on the advantage of participating in this program. The dates and times will be provided as soon as they are made available to us. For those who are unable to attend a seminar there will be a webinar available for you to view on our website at <http://www.hanover-ma.gov/personnel>. Please visit our web-site to view the brochure which outlines the benefits of utilizing this benefit. Below is some initial information regarding these accounts. Enrollment will begin soon for a January 1st implementation.

Real Savings - Real Simple. FSA's are a great way to stretch your benefit dollars. FSA's allow you to use **before-tax** dollars to reimburse yourself for eligible out-of-pocket medical and dependent care expenses. This saves you on taxes and increases your spendable income. Once you elect your annual contribution it will be deducted from your paycheck each pay period, in equal installments, throughout the year—before Federal, State (in most cases) and Social Security taxes are taken out until you reach the maximum you have specified. The amount of your pay that goes into an FSA will not count as taxable income, so you will have immediate tax savings!

FSA also comes with a Prepaid Benefits Card, which is pre-loaded with the value of your annual election amount. You just simply swipe your card at the time of purchase and the amount of your eligible expense will be automatically deducted from your account. There are no claim forms to complete and no waiting for reimbursement checks in the mail. There are tens of thousands of merchant locations where you can use the card for prescriptions and eligible over-the-counter/out-of-pocket expenses, and you will NOT have to provide a receipt to verify the purchase!

Plan Carefully. Before you enroll, you must first decide how much you want to contribute to your account(s). You will want to spend some time estimating your anticipated eligible medical and dependent care expenses for the 2015-2016 plan year, as you can only rollover up to \$500 of Health FSA balances to the next plan year. The eligible medical and dependent care expenses are listed in the brochure.

Annual Maximum Elections are as follows:

Health FSA: \$2,500/year - Dependent Care FSA: \$5,000/family/year

As we work to implement this plan for January 1, 2016, maximum amounts will be reduced, as the initial plan will be effective January 1 through June 30. Beginning July 1, maximum elections will be available.

We hope will take the time to attend an information seminar to learn more about this new benefit.

Sincerely,

Troy B.G. Clarkson
Town Manager

Matthew A. Ferron
Superintendent of Schools

You can use the Card to pay for eligible out-of-pocket expenses such as:

- Prescription and health plan copayments, deductibles and coinsurance
- "Amount Due" on medical and dental statements
- Orthodontics
- Mail-order or online prescription invoices
- Vision services, eyeglasses and LASIK surgery
- Medical supplies, such as bandages
- Eligible over-the-counter (OTC) items

*Benefit eligible is an employee who works 20 or more hours per week.